

**STATE OF ARIZONA**  
**CITIZENS CLEAN ELECTIONS COMMISSION**

MUR: No. 06-0006

STATEMENT OF REASONS OF EXECUTIVE DIRECTOR

---

On behalf of the Citizens Clean Elections Commission (“Commission”), the Executive Director hereby provides the Statement of Reasons showing reason to believe violations of the Citizens Clean Elections Act and or the Commission rules (collectively, the “Act”) occurred.

**I. Procedural Background**

On July 21, 2006, Judith Jean Fuhr (“Complainant”) filed a complaint against Larry Nelson (“Respondent”), a participating candidate for State Mine Inspector, alleging that the Respondent committed possible violations of Arizona election law. (Exhibit A.) On July 27, 2006 the Respondent responded to the complaint. (Exhibit B.) A supplemental response was filed by the treasurer of the Respondent’s campaign, Mary Pickett (“Treasurer”) on August 14, 2006. (Exhibit C.)

**II. Alleged Violations**

A. Respondent Exceeded Personal/Family Contribution

The Complainant alleges that the Respondent exceeded the personal/family contribution limit by making in-kind contributions totaling \$1,068.70, and then making a monetary contribution of \$100.00. The maximum a candidate for State Mine Inspector can contribute to their campaign is \$1,160.00. This amount is a cumulative total of both the candidate’s personal contributions and family contributions as prescribed in A.R.S. § 16-941(2)<sup>1</sup>.

An amendment to the report was filed by the Treasurer adjusting the amount that the Respondent contributed to \$706.33. Due to expenditures by the Respondent’s wife, however, a violation of the personal/family contribution is still evident. The Respondent’s amendments show multiple in-kind contributions and expenditures given by Jean Nelson. In the Respondent’s response, Jean Nelson is identified as the Respondent’s wife. The total amount

---

<sup>1</sup> A.R.S. § 16-941(2) states that a candidate, “*Shall not make expenditures of more than a total of five hundred dollars of the candidate’s personal monies for a candidate for legislature or more than one thousand dollars [\$1,160.00] for a candidate for statewide office.*” Personal monies include, pursuant to A.R.S. § 16-901(18)(d), “family contributions.” Family Contributions are further defined in 16-901(10) as “*any contribution that is provided to a candidate’s campaign committee by a parent, grandparent, spouse, child or sibling of the candidate or a parent or spouse of any of those persons.*” Limits included in brackets are current, as adjusted by the Secretary of State pursuant to 16-959.

that Ms. Nelson has contributed is \$477.69. The spouse of the candidate is only allowed to contribute \$120.00 as prescribed in A.R.S. § 16-945(A)(1)<sup>2</sup>.

Based on the foregoing, the Executive Director recommends the commission find reason to believe the Respondent committed violations of A.R.S. § 16-941(2) and A.R.S. § 16-945(A)(1).

#### B. Mileage Expense Reimbursement

The Respondent alleges that the Respondent failed to report the proper mileage reimbursement for campaign related travel during the January 31 Reporting Period, and had an “unrealistically low” rate reported in the June 30 Reporting Period. The Respondent contends that a volunteer provided transportation to campaign events. The Commission’s Substantive Policy Statement 11 allows that, “*Persons traveling with or on behalf of a candidate may choose to pay their own traveling expenses, which shall not be considered a contribution to the candidate.*”

The Executive Director recommends the Commission find no reason to believe that a violation of The Commission’s Substantive Policy Statement 11 has occurred.

#### C. Incomplete Contributions

The Complainant alleges that the Respondent’s June 30 Campaign Finance Report shows a series of incomplete contributions<sup>3</sup> in the report that did not include the name, address, occupation, and employer of in-kind contributors.

The Treasurer responds that the report has since been amended and that the contributions were given by the Respondent, his wife, and an individual by the name of Paul Catanzariti. A review of the report confirms that the amendments have been made. Eight contributions to the candidate however, still lack the address, occupation, and/or employer, possibly in violation of A.R.S. § 16-904(D). A violation of A.R.S. § 16-904(D) is a violation of A.R.S. Title 16, Chapter 6, Article 1 and is subject to enforcement under the jurisdiction of Secretary of State.<sup>4</sup> Allegations regarding possible Article 1 violations will be referred to the Office of the Secretary of State.

---

<sup>2</sup> A.R.S. § 16-945(A)(1) states that “...no contributor shall give, and no participating candidate shall accept, contributions from a contributor exceeding one hundred dollars [\$120.00] during an election cycle.” Limits included in brackets are current, as adjusted by the Secretary of State pursuant to 16-959.

<sup>3</sup> A.R.S. 16-904(13) defines an Incomplete Contribution as a, “contribution received by a political committee for which the contributor's mailing address, occupation, employer or identification number has not been obtained and is not in the possession of the political committee.”

<sup>4</sup> See A.R.S. §§ 16-916(A)(1) “Secretary of State is filing officer for political committees supporting candidates for state offices” and 16-924(A) “...filing officer responsible for determination whether there is reasonable cause to believe that a person is violating any provision of A.R.S. Title 16, Chapter 6, Article 1”.

D. In-Kind Contribution and Expenditure Discrepancies, Respondent reports a negative balance

The Complainant alleges that there are discrepancies between the Respondent's In-Kind Contributions and the related In-Kind Expenditures and that the Respondent has a negative balance of \$109.86. The Treasurer explained "In some cases the billed amount would be doubled in the software and not show it as an immediate contribution and expenditure, but rather double the expenditure." This situation occurs multiple times. (Exhibit D.) In the amendment the Treasurer clears the double expenditures, and the balance of the report is replenished to \$453.55. (Exhibit E.)

While the Respondent has shown effort to come into compliance regarding this issue, the amendment displays further discrepancies. For instance an expense to the State Fair for parking, once erroneously expended three times, is no longer displayed on the report. The expenditure should appear exactly one time on the report. Failing to report expenditures made during the reporting period is possibly in violation of A.R.S. 16-915(5).<sup>5</sup> Again, a violation of A.R.S. 16-915(5) is a violation of A.R.S. Title 16, Chapter 6, Article 1 and is subject to enforcement under the jurisdiction of Secretary of State.<sup>6</sup> Allegations regarding possible Article 1 violations will be referred to the Office of the Secretary of State.

**III. Reason to Believe Finding**

Based on the complaint, the Respondent's response, the Treasurer's response, and the attached campaign finance reports, the Executive Director recommends the Commission find reason to believe violations of the Act or Commission rules occurred warranting an investigation.

If the Commission determines by an affirmative vote of at least 3 of its members that it has reason to believe a respondent has violated a statute or rule over which the Commission has jurisdiction, the Commission shall notify Respondent of the finding setting forth: (1) the sections of the statute or rule alleged to have been violated, (2) the alleged factual basis supporting the finding, and (3) an order requiring compliance within fourteen days. During that period, the Respondent may provide any explanation to the Commission, comply with the order, or enter into a public administrative settlement. A.R.S. § 16-957(A) & A.A.C. R2-20-208(A).

If the Commission finds reason to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred, the Commission shall conduct an investigation. A.A.C. R2-20-209(A). Upon expiration of the fourteen days, if the Commission finds that the alleged violator remains out of compliance, the Commission shall make a public finding to that effect and issue an order assessing a civil penalty in accordance with A.R.S. § 16-942, unless

---

<sup>5</sup> A.R.S. § 16-915(5) states each Campaign Finance report shall include, "The name and address of each recipient of an expenditure made during the period covered by the report ..."

<sup>6</sup> See A.R.S. §§ 16-916(A)(1) "*Secretary of State is filing officer for political committees supporting candidates for state offices*" and 16-924(A) "...*filing officer responsible for determination whether there is reasonable cause to believe that a person is violating any provision of A.R.S. Title 16, Chapter 6, Article I*".

the Commission publishes findings of fact and conclusions of law expressing good cause for reducing or excusing the penalty. A.R.S. § 16-957(B).

Dated this \_\_\_ day of August, 2006

By:

---

Todd F. Lang, Executive Director